

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DECEMBER 30, 1996
DOCKET NO. 96-318-C - ORDER NO. 96-882-C

IN RE: THE INTERIM LOCAL EXCHANGE) ORDER
CARRIER FUND)

This matter comes before the Public Service Commission of South Carolina (the "Commission") upon the Commission Staff's initiation of this Docket. On May 29, 1996, the South Carolina Governor signed into law Act No. 354 (the "Act"), which in part amended South Carolina Code Section 58-9-280. This Act provided new subsections (L) and (M) for the amended Code section.

The Act states that the Commission "shall, not later than December 31, 1996, establish an Interim [Local Exchange Carrier ("LEC")] Fund." Upon the enactment of this Act and establishment of the Interim Local Exchange Carrier Fund ("ILF" or the "Fund"), the Commission "shall . . . require any electing incumbent LEC, other than an incumbent LEC operating under an alternative regulation plan . . . to immediately set its toll switched access rates at levels comparable to the toll switched access rate levels of the largest LEC operating within the State." In order to offset the adverse effects on the LECs' revenues, the Act also mandates that the Commission shall allow the LECs to adjust

"other rates not to exceed statewide average rates, weighted by the number of access lines" The ILF initially is to be funded "by those entities receiving an access or interconnection rate reduction from LECs . . . in proportion to the amount of the rate reduction." Distributions are to be issued to the LECs from the Fund as necessary for the LECs "to recover those revenues lost through the concurrent reduction of the intrastate switched access rates." The Act also states that the Fund "must transition into the [Universal Service Fund ("USF")] . . . when funding for the USF is finalized and adequate to support the obligations of the Interim LEC Fund."

This law was initially addressed by the Commission in Docket No, 96-018-C, which is a generic proceeding to address Local Competition. On October 10, 1996, the Commission established Docket No. 96-318-C to deal exclusively with the establishment of the Fund. LECs that wished to elect to participate in the Fund (also known as "electing LECs") were to notify the Commission of their intent by September 15, 1996. Order No. 96-545 required that the LECs provide to the Commission by October 1, 1996, financial information pertaining to the access revenues that will be "lost" due to access rate reductions as well as the method of recovery to be utilized for these lost revenues. The electing LECs include the following companies: United Telephone Company of the Carolinas, Inc. ("United"), GTE South, Inc. ("GTE"), and the twenty-three member companies of the South Carolina

Telephone Coalition (the "Coalition"). All electing LECs complied with Commission Order No. 96-545. The Commission Staff held a meeting of all Parties of Record on November 1, 1996 in order to discuss the issues involved in this Docket.

Subsequent to that meeting and in compliance with the Act, the Commission held a public hearing at 10:30 a.m. on December 16 and 17, 1996, in the Commission's hearing room at 111 Doctors Circle, Columbia, South Carolina, to examine the legislation, the LECs' revenue requirements, proposed methods of recovery, and all other issues related to the ILF. The Honorable Guy Butler, Chairman, presided.

At the hearing, M. John Bowen, Esq., and Margaret M. Fox, Esq., represented the Coalition and presented as witnesses H. Keith Oliver and Steven Meltzer. Richard Whitt, Esq., and James Wright, Esq., appeared on behalf of United. Donald O. Horton presented testimony for United. GTE was represented by Steve Hamm, Esq., and Martin Sinor, Esq.; Mansel W. Williams filed and presented the testimony for GTE. Elliott F. Elam, Esq., represented the Consumer Advocate for the State of South Carolina (the "Consumer Advocate"). Francis P. Mood, Esq., and Steve A. Matthews, Esq., represented AT&T Communications of the Southern States, Inc. ("AT&T"). James M. Mertz presented AT&T's testimony. John M.S. Hoefer, Esq., appeared on behalf of MCI Telecommunications, Inc. ("MCI"). American Communications Services, Inc. ("ACSI") was represented by Russell B. Shetterly, Esq. B. Craig Collins, Esq., represented the South Carolina Cable Television

Association ("SCCTA"). John F. Beach, Esq., and Barry Selvidge, Esq., appeared on behalf of the South Carolina Public Communications Association ("SCPCA") and presented witness Clifton Craig. Mr. Beach also represented Peoples Telephone Company ("Peoples"). Harry M. Lightsey, III, Esq., appeared on behalf of BellSouth Telecommunications, Inc. Catherine D. Taylor, Staff Counsel, represented the Commission Staff. Dr. R. Glenn Rhyne presented testimony on behalf of the Staff.

At the beginning of the hearing, both the Consumer Advocate and the SCPCA moved to dismiss the requests of the LECs to adjust local rates, stating that the public had not received adequate notice. The two parties referenced various South Carolina Code sections regarding notice and rate adjustments of telecommunications companies. The Coalition responded to the Motion by stating that the Commission was directed by the General Assembly to establish the ILF and allow adjustments of the LECs' rates to offset the mandatory decrease in the access charges. The Coalition based its argument on the premise that the Act is a more specific statute than those cited by the Consumer Advocate and the SCPCA. The establishment of the ILF pursuant to 58-9-280 (L) and (M) and the adjustment of other rates to offset reductions in toll switched access rates is not, in the opinion of the Coalition, a "rate case" as contemplated by other statutes.

AT&T also opposed the Motion, noting that 58-9-280 is

designed for a specific, limited purpose. GTE joined the opposition as well by stating that this statute is specialized and "fixed in time." United noted for the record that it did not request any local rate increases.

Regarding the Motion of the Consumer Advocate and the SCPCA, the Commission hereby denies the Motion to Dismiss the proposed LEC local rate adjustments. We agree with the arguments of the Parties opposing the Motion that this is a very specific statute enacted for specific purposes. This Commission is required by 58-9-280 to allow the LECs to adjust rates not to exceed statewide average rates. Further, notice was provided to the public in three separate newspaper publications, and we feel that this was proper for the case sub judice.

This docket presented novel and involved issues for the Commission. Particular attention was devoted to the methods for recovery of lost access revenues as well as implementation and administration of the Fund as filed by United, GTE, and the Coalition. United projected that it would require recovery of \$4,544,352 annually from the Fund and did not propose to raise any of its rates. GTE has estimated that it will reduce its access rates by \$6,070,515 and will need an annual distribution of \$5,954,888 from the Fund. The Coalition filed a thorough Plan that detailed the Coalition companies' revenue requirements and proposed administrative procedures for the Fund. The Coalition companies estimate that they will incur a revenue shortfall

once access charges are reduced by \$22,055,439 annually. Many of the Coalition companies proposed rate adjustments for residential and business services. The companies' reimbursements from the Fund will be adjusted annually according to the individual company's yearly residential and business rate adjustments and a growth factor for the Fund.

Upon consideration of these matters and the testimony presented in this docket, the Commission now makes the following Findings of Fact and Conclusions of Law:

1. The LECs that are eligible and have elected to participate in the Interim Local Exchange Carrier Fund are as follows: United Telephone Company of the Carolinas, Inc., GTE South, Inc., and the Coalition Members: ALLTEL South Carolina, Inc.; Bluffton Telephone Company, Inc.; Chesnee Telephone Company; Chester Telephone Company; Farmers Telephone Cooperative, Inc.; Fort Mill Telephone Company; Hargray Telephone Company, Inc.; Heath Springs Telephone Company, Inc.; Home Telephone Company, Inc.; Horry Telephone Cooperative, Inc.; Lancaster Telephone Company; Lockhart Telephone Company; McClellanville Telephone Company; Norway Telephone Company; Palmetto Rural Telephone Cooperative, Inc.; Piedmont Rural Telephone Cooperative, Inc.; Pond Branch Telephone Company; Ridgeway Telephone Company; Rock Hill Telephone Company; Sandhill Telephone Cooperative, Inc.; St. Stephen Telephone Company; West Carolina Rural Telephone Cooperative, Inc.; Williston Telephone Company.

2. The Commission hereby adopts as its Plan for

establishment and administration of the Interim Local Exchange Carrier Fund for all electing LECs (as defined in Number 1 above) the Exhibit A of witness Keith Oliver's testimony (the Plan submitted by the South Carolina Telephone Coalition, filed as Hearing Exhibit No. I) subject to certain modifications (additions and modifications are listed below). We adopt this Plan for GTE, United and all members of the Coalition and establish the Fund pursuant to the Plan in compliance with Act No. 354. We feel that this accomplishes the Act's mandate that the Commission establish an ILF and require electing incumbent LECs to set toll switched access rates at levels comparable to the toll switched access rates of the largest LEC operating in South Carolina. Additionally, this Plan allows adjustment of the LECs' other rates not to exceed the statewide weighted average and will allow distributions from the Fund.

3. We hereby adopt the following additions to and modifications of the Coalition's Plan: (Oliver Exhibit A - Hearing Exhibit No. I):

a. The Commission shall serve as Administrator of the Fund. As Administrator, the Commission retains the flexibility to make procedural adjustments to the workings of the Fund.

b. As part of its duties as Administrator, the Commission each month shall bill Contributors for the amount owed to the Fund and shall make distributions from the Fund to the electing LECs.

c. Staff may make any technical modifications to the Plan in order to conform the Plan to the Commission's Order.

d. Staff shall determine the Contributors to the Fund consistent with the language of Act No. 354.

e. Contribution payments shall be remitted to and received by the Commission on or before the last day of each month. Contributions received after the last day of the month shall be regarded as past due.

f. The Late Payment Fee that will be applied to those Contributors which submit Fund Contributions past the due date shall be one and one-half percent (1 1/2%) added to the unpaid balance brought forward. One and one-half percent is the past due amount utilized for various purposes in the Commission's Regulations.

g. Regarding the growth factor contained in Paragraph IV(C) of the Plan: the growth factor that will be utilized shall be the lesser of either the annual incremental increase in access minutes of use or incremental increase in access lines.

h. The Fund shall be initiated and adjusted annually based upon actual minutes of use for the twelve months ending December 31 as soon as possible.

i. Universal Service Fund issues, including the transition of the ILF, shall be addressed at a later date in conjunction with the hearings before this Commission concerning the Universal Service Fund.

j. COCOT rates will be frozen at the existing rates until

the 1997 COCOT proceedings, at which time all relevant COCOT regulatory issues shall be reviewed.

4. The electing LECs shall, on the operational date of the Fund, set their toll switched access rates at levels comparable to the toll switched access rate levels of the largest LEC operating within the State.

5. Staff shall conduct necessary audits of the relevant components of the Fund in order to make appropriate adjustments to the Fund's calculations. This shall include but not be limited to auditing the Companies' financial information utilized to determine potential Fund contributions and distributions, LEC access revenue losses, as well as the rate adjustment calculations.

6. The Commission and Commission Staff will treat as proprietary the minutes of use information provided by the companies that will be utilized to derive contributions to the Fund.

7. The effective date of the Plan shall be December 31, 1996. The operational date of the Plan shall be not later than April 1, 1997. Staff shall determine the actual operational date as soon as possible; that is, Staff shall pinpoint the actual operational date as soon as the audits are completed. Staff shall set its audit schedule as soon as possible.

8. The earnings review process currently utilized by the Commission shall be maintained for the electing LECs regardless of the workings of this Fund.

9. We hereby adopt rate adjustments for the Coalition LECs as detailed on the schedules attached hereto as Attachment A. If members of the Coalition are concerned with the de minimis level of annual increases, they may petition the Staff concerning the increases.

10. We hereby adopt rate adjustments for GTE South, Inc., as are detailed on the schedule attached hereto as Attachment A.

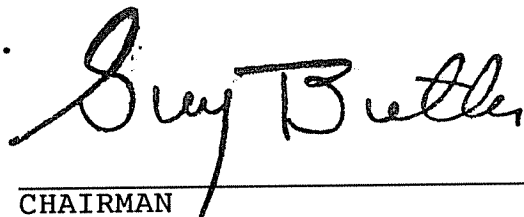
11. United did not request any rate adjustments and, therefore, we do not pass upon any adjustments for United at this time.

12. The LECs shall file tariff sheets in compliance with this Order consistent with the operational date of the Fund. Those LECs that will adjust their rates annually next five years shall file new tariff sheets in compliance with this Order on January 1 of each year.

13. This Order shall be issued and placed into the U.S. Mail by noon of December 30, 1996, under the direction of the Commission's Executive Director.

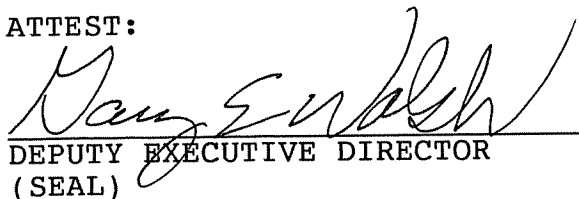
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION.



CHAIRMAN

ATTEST:

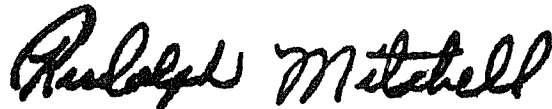


DEPUTY EXECUTIVE DIRECTOR
(SEAL)

STATEMENT OF COMMISSIONER RUDOLPH MITCHELL

I FELT THAT THE COMMISSION SHOULD HAVE POSTPONED, UNTIL A LATER DATE, THE RATE PROPOSAL IN THIS DOCKET, 96-318-C. THEREFORE, I VOTED TO DELAY THIS PORTION OF THE HEARING, BUT MY VIEWS DID NOT PREVAIL.

IT IS MY POSITION THAT THE CUSTOMERS OF THE AFFECTED TELEPHONE COMPANIES SHOULD HAVE BEEN NOTIFIED AND GIVEN A TIME AND PLACE THAT THEIR VIEWS ON THIS MATTER COULD BE EXPRESSED, SUCH AS HOW THE MANDATED RATE CHANGES WOULD BE APPLIED, ETC. SINCE THE MAJORITY VOTE WAS TO CONTINUE WITH THE HEARING, I PARTICIPATED IN THE PROCEEDING AND WILL VOTE ON THE FINAL OUTCOME, ALTHOUGH I FEEL A DELAY IN THE RATE ISSUE WOULD HAVE BEEN MOST APPROPRIATE.

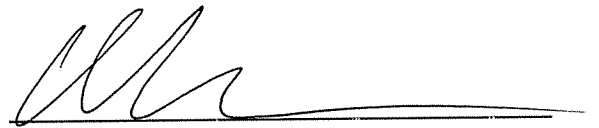
A handwritten signature in black ink, reading "Rudolph Mitchell". The signature is written in a cursive, flowing style. The first name "Rudolph" is written with a large, prominent "R" and the last name "Mitchell" follows in a similar cursive script.

RUDOLPH MITCHELL
COMMISSIONER AT LARGE

DISSENT OF COMMISSIONER WARREN D. ARTHUR, IV:

It is my position that the customers of the affected telephone companies in this case should have been notified directly and given an opportunity to be heard, so that their views on this matter could have been expressed. The Consumer Advocate's and the South Carolina Public Communications Association's motions should have been granted. The customers would have then been allowed to express their opinions on such matters as how and in what fashion the mandated rate changes would be applied and how their future rate increases would impact them. I do not believe that the Legislature intended for the Public Service Commission to abandon its already-established notice provisions for telecommunications cases, even with the mandate for establishment of the interim LAC fund by December 31, 1996. In my opinion, we could have "established" the fund in principle by that date, while still allowing time for the customers to be heard on how the fund would affect their rates for telecommunications services. Since the majority vote was to deny the motions and continue with the hearing, I continued my participation. However, without notice as stated above, I could not vote in favor of the local rate increases as approved by the majority. I have always taken the position that the public is entitled to individual notice of actions that affect their individual rates. I strongly believe it is the ultimate responsibility of the Public Service Commission of South Carolina to assure that a reasonable attempt is made to notify all parties

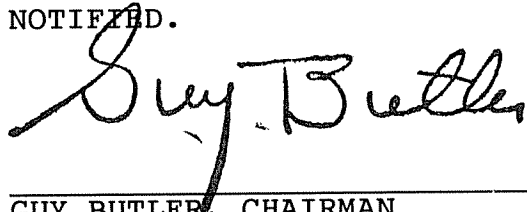
(which was not done in this case) and also that our proceedings are conducted in such a way so as to give all affected parties a reasonable opportunity to participate. Since such notice was not provided in the present case, I respectfully dissent from the majority opinion approving establishment of the fund in a manner that will most certainly cause a number of South Carolina telecommunications users to see an increase in their rates. The mandated interim LEC fund could have been established by the statutory deadline in a manner that was fairer to the telecommunication consumers of South Carolina.

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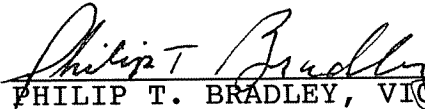
Warren D. Arthur, IV
Commissioner

STATEMENT

IF THE DISSENT IS INDICATING THAT THE STATE LEGISLATURE HAS ESTABLISHED PROVISIONS REQUIRING CUSTOMERS TO BE "NOTIFIED DIRECTLY" THEN, THE DISSENTER IS WRONG AND INCORRECT. THERE ARE NO SUCH ESTABLISHED PROVISIONS AND THIS WOULD EXPLAIN WHY NO CITATIONS ARE GIVEN, I.E., BECAUSE NONE EXIST. FURTHER, THERE ARE NO REGULATIONS OF THIS COMMISSION WHICH REQUIRE CUSTOMERS TO BE DIRECTLY NOTIFIED.



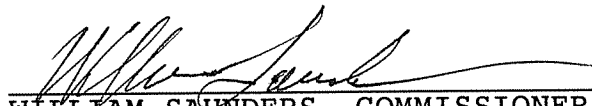
GUY BUTLER, CHAIRMAN



PHILIP T. BRADLEY, VICE CHAIRMAN



CECIL BOWERS, COMMISSIONER



WILLIAM SAUNDERS, COMMISSIONER



C. DUKES SCOTT, COMMISSIONER

RATE SCHEDULE

ALLTEL - LEXINGTON EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL	15.30	-.95					14.35
INCLUDING TOUCH TONE							
& ZONE CHARGES							
BUSINESS	32.25	-2.25					30.00
INCLUDING TOUCH TONE							
& ZONE CHARGES							
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

MCCLELLANVILLE TELEPHONE COMPANY

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	14.45	-.10					14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	21.56	1.43	1.43	1.43	1.43	1.42	28.70
K-1	27.00	.34	.34	.34	.34	.34	28.70
PBX	27.00	.34	.34	.34	.34	.34	28.70
SEMIPUBLIC	27.00	.34	.34	.34	.34	.34	28.70
COCOT	27.00						27.00

RATE SCHEDULE

CHESNEE TELEPHONE CO., INC.

	CURRENT	CHANGE					PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	16.40						16.40
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	31.10						31.10
K-1	31.10						31.10
PBX	45.95						45.95
SEMIPUBLIC	32.65						32.65
COCOT	62.20						62.20

RATE SCHEDULE
WILLISTON TELEPHONE COMPANY

	CURRENT		1997	1998	1999	CHANGE		PHASED-IN
	<u>RATE</u>					<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL	16.50							16.50
TOUCH TONE								
& ZONE CHARGES								
BUSINESS	30.50							30.50
INCLUDING TOUCH TONE								
& ZONE CHARGES								
K-1	31.00							31.00
PBX	49.00							49.00
SEMIPUBLIC	45.75							45.75
COCOT	45.75							45.75

RATE SCHEDULE

FORT MILL TELEPHONE COMPANY

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	10.25	.08	.08	.08	.08	.08	10.65
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	21.65	-.01	-.01	-.01	-.01	-.01	21.60
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

NORWAY TELEPHONE COMPANY

	CURRENT		1997	1998	1999	CHANGE		PHASED-IN RATE
	RATE					2000	2001	
RESIDENTIAL TOUCH TONE & ZONE CHARGES	13.80	.11	.11	.11	.11	.11	.11	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	22.10	1.32	1.32	1.32	1.32	1.32	1.32	28.70
K-1	22.70	1.20	1.20	1.20	1.20	1.20	1.20	28.70
PBX	22.70	1.20	1.20	1.20	1.20	1.20	1.20	28.70
SEMIPUBLIC	21.10	1.52	1.52	1.52	1.52	1.52	1.52	28.70
COCOT	21.10							21.10

RATE SCHEDULE

BLUFFTON TELEPHONE CO., INC.

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL INCLUDING TOUCH TONE & ZONE CHARGES	7.95	.13	.13	.13	.13	.13	8.60
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	10.00	1.44	1.44	1.44	1.44	1.44	17.20
K-1	8.75	3.99	3.99	3.99	3.99	3.99	28.70
PBX	15.31	2.68	2.68	2.68	2.68	2.67	28.70
SEMIPUBLIC	14.79	2.78	2.78	2.78	2.78	2.79	28.70
COCOT	14.79						14.79

RATE SCHEDULE

GTE/CONTEL

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
<u>GTE/CONTEL</u>							
Residential Group 1	13.68	.13	.13	.13	.14	.14	14.35
<u>ELLOREE/SANTEE</u>							
Residential	13.82	.10	.10	.11	.11	.11	14.35
Business	25.05	1.19	1.19	1.19	1.19	1.19	31.00
Business/Rotary	37.58	1.68	1.68	1.68	1.68	1.69	45.99
<u>BOWMAN</u>							
Business	29.27	.34	.34	.35	.35	.35	31.00
Business/Rotary	43.91	.41	.41	.42	.42	.42	45.99

RATE SCHEDULE

HARGRAY TELEPHONE CO., INC. - HARDEVILLE EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	7.75	.17	.17	.17	.17	.17	8.60
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	16.75	.09	.09	.09	.09	.09	17.20
K-1	24.00	0.95	0.95	0.95	0.95	0.90	28.70
PBX	28.10	0.10	0.10	0.10	0.10	0.20	28.70
SEMIPUBLIC	28.00	0.15	0.15	0.15	0.15	0.10	28.70
COCOT	28.00						28.00

RATE SCHEDULE

LANCASTER TELEPHONE COMPANY - FORT LAWN EXCHANGE

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	13.40	.19	.19	.19	.19	.19	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	28.50						28.50
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

FARMERS TELEPHONE COOPERATIVE

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	13.25	.22	.22	.22	.22	.22	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	25.37	.67	.67	.67	.66	.66	28.70
K-1							
PBX							
SEMIPUBLIC							
COCOT	24.25						24.25

RATE SCHEDULE
ST. STEPHEN TELEPHONE COMPANY

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH & ZONE CHARGES	11.70	.53	.53	.53	.53	.53	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	20.95	1.55	1.55	1.55	1.55	1.55	28.70
K-1	26.62	.41	.41	.42	.42	.42	28.70
PBX	26.62	.41	.41	.42	.42	.42	28.70
SEMIPUBLIC	28.95						28.95
COCOT	28.95						28.95

RATE SCHEDULE

POND BRANCH TELEPHONE COMPANY, INC. -

ALL POND BRANCH EXCHANGES (EXCEPT RIDGE EXCHANGE)

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	11.50	.57	.57	.57	.57	.57	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	18.50	2.04	2.04	2.04	2.04	2.04	28.70
K-1	28.00	.14	.14	.14	.14	.14	28.70
PBX	28.00	.14	.14	.14	.14	.14	28.70
SEMIPUBLIC	28.50	.04	.04	.04	.04	.04	28.70
COCOT	28.50						28.50

RATE SCHEDULE

HARGRAY TELEPHONE CO., INC. - HILTON HEAD EXCHANGE

	CURRENT					CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>				<u>2000</u>	<u>2001</u>	
RESIDENTIAL TOUCH TONE & ZONE CHARGES	8.90	.69	.69	.69	.69	.69	.69	12.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	18.05	1.33	1.33	1.33	1.33	1.33	1.33	24.70
K-1	26.05	0.53	0.53	0.53	0.53	0.53	0.53	28.70
PBX	30.40	-1.70						28.70
SEMIPUBLIC	28.00	0.15	0.15	0.15	0.15	0.15	0.10	28.70
COCOT	28.00							28.00

RATE SCHEDULE

HOME TELEPHONE COMPANY, INC. - MONCKS CORNER

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	10.65	.74	.74	.74	.74	.74	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	19.15	1.91	1.91	1.91	1.91	1.91	28.70
K-1	21.25	1.49	1.49	1.49	1.49	1.49	28.70
PBX							
SEMIPUBLIC	8.33	1.20	1.20	1.20	1.21	1.21	14.35
COCOT	20.81						20.81

RATE SCHEDULE
SANDHILL TELEPHONE CO-OP, INC.

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH & ZONE CHARGES	6.20	.92	.92	.92	.92	.92	10.80
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	11.20	2.08	2.08	2.08	2.08	2.08	21.60
K-1	16.80	.96	.96	.96	.96	.96	21.60
PBX	22.40	-.16	-.16	-.16	-.16	-.16	21.60
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

ALLTEL - CAMERON, CRESTON, & ST. MATTHEWS EXCHANGES

	CURRENT				CHANGE		PHASED--]
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL INCLUDING TOUCH TONE & ZONE CHARGES	9.60	.95	.95	.95	.95	.95	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	14.10	2.92	2.92	2.92	2.92	2.92	28.70
K-1	12.00	3.34	3.34	3.34	3.34	3.34	28.70
PBX	22.00	1.34	1.34	1.34	1.34	1.34	28.70
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

PALMETTO RURAL TELEPHONE COOPERATIVE, INC.

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	9.60	.95	.95	.95	.95	.95	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	20.85	1.57	1.57	1.57	1.57	1.57	28.70
K-1	20.85	1.57	1.57	1.57	1.57	1.57	28.70
PBX	33.75						33.75
SEMIPUBLIC							
COCOT	24.75						24.75

RATE SCHEDULE

PIEDMONT RURAL TELEPHONE COOPERATIVE, INC. - LAURENS RURAL EXCHANGE

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	9.45	.98	.98	.98	.98	.98	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	19.65	1.81	1.81	1.81	1.81	1.81	28.70
K-1	17.90	2.16	2.16	2.16	2.16	2.16	28.70
PBX	36.50						36.50
SEMIPUBLIC	20.00	1.74	1.74	1.74	1.74	1.74	28.70
COCOT	35.80						35.80

RATE SCHEDULE

PIEDMONT RURAL TELEPHONE COOPERATIVE, INC. -

GRAY COURT, HICKORY TAVERN, WATERLOO, WEST END EXCHANGES

	CURRENT		1997	1998	1999	CHANGE		PHASED-IN
	<u>RATE</u>					<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	9.20		1.03	1.03	1.03	1.03	1.03	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	19.40		1.86	1.86	1.86	1.86	1.86	28.70
K-1	17.65		2.21	2.21	2.21	2.21	2.21	28.70
PBX	36.00							36.00
SEMIPUBLIC	19.75		1.79	1.79	1.79	1.79	1.79	28.70
COCOT	35.30							35.30

RATE SCHEDULE

HOME TELEPHONE COMPANY, INC. - HARLEYVILLE

	CURRENT					CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>				<u>2000</u>	<u>2001</u>	
RESIDENTIAL TOUCH TONE & ZONE CHARGES	8.95	1.08	1.08	1.08	1.08	1.08		14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	15.70	2.60	2.60	2.60	2.60	2.60		28.70
K-1	16.88	2.36	2.36	2.36	2.37	2.37		28.70
PBX								
SEMIPUBLIC	8.33	1.20	1.20	1.20	1.21	1.21		14.35
COCOT	20.81							20.81

RATE SCHEDULE
WEST CAROLINA RURAL TELEPHONE COOPERATIVE, INC.

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH & ZONE CHARGES	7.80	1.31	1.31	1.31	1.31	1.31	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	15.80	2.58	2.58	2.58	2.58	2.58	28.70
K-1							
PBX	24.75	1.43	1.43	1.43	1.43	1.43	31.90
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

LANCASTER TELEPHONE COMPANY - LANCASTER EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL	13.10	.24	.24	.24	.24	.24	14.30
TOUCH TONE							
& ZONE CHARGES							
BUSINESS	27.25						27.25
INCLUDING TOUCH TONE							
& ZONE CHARGES							
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

RIDGEWAY TELEPHONE COMPANY

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH & ZONE CHARGES	11.80	.24	.24	.24	.24	.24	13.00
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	14.80	2.14	2.14	2.14	2.14	2.14	25.50
K-1							
PBX	19.50	1.20	1.20	1.20	1.20	1.20	25.50
SEMIPUBLIC							
COCOT	12.40						12.40

RATE SCHEDULE

ALLTEL - CAMPOBELLO & LANDRUM EXCHANGES

	CURRENT		CHANGE				PHASED--IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL INCLUDING TOUCH TONE & ZONE CHARGES	13.01	.27	.27	.27	.27	.26	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	30.90	-2.20					28.70
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

LOCKHART TELEPHONE COMPANY

	CURRENT			CHANGE			PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	8.26	.33	.33	.33	.33	.32	9.90
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	14.31	1.52	1.52	1.52	1.52	1.51	21.90
K-1							
PBX	19.96	.39	.39	.39	.39	.38	21.90
SEMIPUBLIC							
COCOT	14.08						14.08

RATE SCHEDULE

ALLTEL - INMAN EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL INCLUDING TOUCH TONE & ZONE CHARGES	12.50	.37	.37	.37	.37	.37	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	29.25	-.55					28.70
K-1							
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

PIEDMONT RURAL TELEPHONE COOPERATIVE, INC. - ENOREE EXCHANGE

	CURRENT		CHANGE				PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	14.32	.37	.37	.37	.36	.36	16.15
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	24.52	1.19	1.19	1.20	1.20	1.20	30.50
K-1	22.77	1.54	1.54	1.55	1.55	1.55	30.50
PBX	41.12						41.12
SEMIPUBLIC	24.87	1.02	1.02	1.02	1.02	1.01	29.96
COCOT	45.54						45.54

RATE SCHEDULE

ALLTEL - KERSHAW EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL INCLUDING TOUCH TONE & ZONE CHARGES	12.30	.41	.41	.41	.41	.41	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	23.25	1.09	1.09	1.09	1.09	1.09	28.70
K-1	26.60	.42	.42	.42	.42	.42	28.70
PBX							
SEMIPUBLIC							
COCOT							

RATE SCHEDULE

POND BRANCH TELEPHONE COMPANY, INC. -- RIDGE EXCHANGE

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	11.95	.48	.48	.48	.48	.48	14.35
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	21.25	1.49	1.49	1.49	1.49	1.49	28.70
K-1	28.00	.14	.14	.14	.14	.14	28.70
PBX	28.00	.14	.14	.14	.14	.14	28.70
SEMIPUBLIC	28.50	.04	.04	.04	.04	.04	28.70
COCOT	28.50						28.50

RATE SCHEDULE

CHESTER TELEPHONE COMPANY

	CURRENT		CHANGE				PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	10.33	.49	.49	.49	.49	.50	12.79
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	16.65	1.87	1.87	1.87	1.87	1.87	26.00
K-1							
PBX	19.13	1.37	1.37	1.37	1.38	1.38	26.00
SEMIPUBLIC							
COCOT	10.31						10.31

RATE SCHEDULE

HORRY TELEPHONE COOPERATIVE, INC.

	CURRENT				CHANGE		PHASED-IN
	<u>RATE</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH TONE & ZONE CHARGES	9.50	.50	.50	.50	.50	.50	12.00
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	20.00	.55	.55	.55	.55	.55	22.75
K-1	17.50	1.05	1.05	1.05	1.05	1.05	22.75
PBX	24.50	-1.75					22.75
SEMIPUBLIC	30.00						30.00
COCOT	16.00						16.00

RATE SCHEDULE
ROCK HILL TELEPHONE COMPANY

	CURRENT		1997	1998	1999	CHANGE		PHASED-IN
	<u>RATE</u>					<u>2000</u>	<u>2001</u>	<u>RATE</u>
RESIDENTIAL TOUCH & ZONE CHARGES	11.10	.50	.50	.50	.50	.50		13.60
BUSINESS INCLUDING TOUCH TONE & ZONE CHARGES	23.45							23.45
K-1								
PBX								
SEMIPUBLIC								
COCOT								